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Former Tamimi Global Executive Charged With Paying Kickbacks, Witness Tampering, Money Laundering Conspiracy and Making False Statement

Kickbacks Allegedly Paid to KBR Employee for \$21.8 Million in Military Dining Facility Subcontracts in Kuwait

ROCK ISLAND, IL – A federal grand jury returned an indictment today charging Tamimi Global Company's former Director of Operations for Kuwait and Iraq, Mohammad Shabbir Khan, with paying kickbacks to secure two military dining subcontracts valued at \$21.8 million dollars, as announced by Assistant Attorney General Alice S. Fisher of the Criminal Division and Rodger A. Heaton, United States Attorney for the Central District of Illinois. Shabbir Khan, age 49, a naturalized U.S. citizen born in Pakistan, was arrested in Rock Island, Illinois, on March 22, 2006, and charged in a criminal complaint with making a false statement. U.S. Magistrate Judge John A. Gorman ordered Khan detained pending trial.

The 16-count indictment returned today alleges that Khan participated in a scheme to defraud the U.S. government from October 2002 through October 2003 by paying approximately \$133,000 in kickbacks in U.S. currency and wire transfers to a Procurement Materials and Property Manager for Kellogg, Brown & Root Services, Inc. (KBR) and to others on his behalf. The alleged kickbacks were related to awards for subcontracts for two military dining facilities: a \$14.4 million dollar subcontract at Camp Arifjan, Kuwait, and a subcontract of \$7.4 million dollars at a palace in Baghdad, Iraq.

U.S. Attorney Heaton stated, "Schemes to defraud the United States at the expense of our taxpayers and soldiers must be rooted out. Today's indictment is part of our ongoing effort to eliminate such fraud."

The indictment alleges that in October 2002, Shabbir Khan, on behalf of Tamimi, was negotiating the Camp Arifjan dining facility subcontract with a KBR employee whose duties at the time included the negotiation, execution and administration of subcontracts on behalf of KBR under its prime contract with the U.S. Army known as LOGCAP III. On about October 9, 2002, Khan hosted a birthday party for the KBR manager. Following the party, Khan drove the manager to his quarters and allegedly offered to pay him a kickback for the award of the Camp Arifjan dining facility subcontract to Tamimi. The KBR manager allegedly accepted the offer and on or about October 14, 2002, the subcontract, with a not-to-exceed estimated price of \$14.4 million for a one-year period, was awarded to Tamimi.

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In or about April 2003, the indictment alleges the KBR manager provided Khan with bid information, including the price Tamimi needed to bid to secure the award, for another dining facility services subcontract at a palace in Baghdad, Iraq. On or about April 14, 2003, the indictment alleges Tamimi was awarded a \$2 million dollar subcontract. Following negotiations for a firm-fixed-price subcontract, the amount was allegedly increased to \$7.4 million dollars for the six-month period of April 14, 2003 through October 13, 2003.

The indictment further alleges Shabbir Khan conspired with another former management-level Tamimi employee to persuade the then-former KBR employee to make false statements to law enforcement authorities concerning the purpose and source of kickbacks paid in the spring of 2003. As alleged, an objective of the conspiracy was to mislead federal law enforcement officers to believe payments by Tamimi and its managers to the former KBR employee were not kickbacks, but instead were part of a private business venture.

The money laundering conspiracy charge alleges Khan conspired with the former management-level Tamimi employee to send approximately \$65,000 by wire transfer from the former KBR employee to the former Tamimi employee and back to support the fictitious story Khan and the former Tamimi employee told federal law enforcement agents and that they instructed the former KBR employee to tell law enforcement agents.

If convicted, the maximum statutory penalty for the offense of wire fraud (12 counts charged) is 20 years imprisonment and a fine of \$250,000; for conspiracy to tamper with a witness and witness tampering, the maximum penalty is ten years in prison and a fine of up to \$250,000; money laundering conspiracy, 20 years in prison and a fine of \$500,000; and for making a false statement, the maximum statutory penalty is five years in prison and a fine of \$250,000.

LOGCAP (Logistics Civil Augmentation Program) is a U.S. Army program that uses civilian contractors to support the logistical needs of the U.S. military forces. In December 2001, the LOGCAP III prime contract was awarded to KBR by the U.S. Army Operations Support command, with headquarters at the Rock Island Arsenal in Rock Island, Illinois, and was administered by the Army Field Support Command, also at the Rock Island Arsenal.

Several investigative agencies participated in the criminal investigation, including: the Federal Bureau of Investigation, Springfield Division; the Internal Revenue Service Criminal Investigation Division, Chicago Field Office; the Defense Criminal Investigative Service, Central Field Office, St. Louis, Missouri; the U.S. Army Criminal Investigation Command, North Central Fraud Field Office, Detroit, Michigan; and, New Scotland Yard Metropolitan Police Service.

The case is being prosecuted by Jeffrey B. Lang, Supervisory Assistant U.S. Attorney, Rock Island Division; Gregory R. Walters, Assistant U.S. Attorney, Peoria Division; and, John Michelich, Senior Trial Attorney, Criminal Division, Fraud Section, U.S. Department of Justice.

Members of the public are reminded that an indictment is merely an accusation; the defendant is presumed innocent unless proven guilty.